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ABSTRACT

A study used the National Longitudinal Surveys of Labor Force Experience Youth Cohort to determine the labor market consequences for young people of acquiring a General Educational Development (GED) degree in 1985. Three major consequences of receiving a GED were examined: labor force participation, employment status, and hourly wages. The analysis showed that GED recipients had greater chances of being labor force participants than young people without GEDs or high school diplomas. High school graduates were more likely to be participants than were GED recipients. Moreover, the more time that elapsed after obtaining a GED or a high school diploma, the greater the chance that a youth was a labor force participant. As was observed with labor force participation, the chances of being employed were much greater in 1985 for young high school graduates than for GED recipients or youths with neither a GED nor a high school diploma. Interpretation of annual salaries from hourly wages indicated that the typical GED recipient would have earned in 1985 about $780 more than a youth without a GED or diploma, but $1,340 less than a youth with a high school diploma. Further research is needed to determine what the GED means to employers, to GED recipients and aspirants, and to the general public. (KC)

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RESEARCH BRIEF

GED TESTING SERVICE OF THE AMERICAN COUNCIL ON EDUCATION • September 1987 • No. 14

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Employment of Young GED Recipients

David L. Passmore

Introduction

Young GED recipients were more likely to participate in the labor force and to be employed during 1985 than youths who had neither a GED nor a high school diploma. GED recipients employed during 1985 earned, on the average, more pay per hour worked than youths without high school diplomas or GED's. However, high school graduates were more likely than GED recipients to be labor force participants and employed, and their average hourly wages were higher than GED recipients'.

These findings were derived from interviews conducted annually from 1979 through 1985 with members of the Youth Cohort of the National Longitudinal Surveys of Labor Force Experience (NLS). These youths were selected to represent the noninstitutional population of the continental United States between 14 and 21 years old in January 1979. General information about the NLS Youth Cohort is provided by the Center for Human Resource Research (1985a). Frankel, McWilliams, and Spencer (1983) present technical details about the sample design for the NLS Youth Cohort.

Before or over the seven years examined, 6.4% of the population represented by the Youth Cohort is estimated to have earned a GED, while 77.2% of these youths were awarded a high school diploma and 16.4% failed to obtain either. Young people in the Youth Cohort who earned a GED differed in several ways from others who earned a high school diploma or who did not obtain a GED or diploma. First, males and young people who had ever been married by 1985 were more likely to receive GED's than high school diplomas or nothing at all. Second, blacks and Hispanics were more likely to be GED recipients than non-black, non-Hispanic youths. On the contrary, females, young people who were never married by 1985, and non-black, non-Hispanic youth were more likely to graduate from high school than to receive GED's or nothing at all. The likelihood that a youth held a GED or a high school diploma, compared with nothing at all, did not vary markedly over major geographic regions of the continental United States.

The remainder of this report details the findings of my research with the NLS Youth Cohort to determine the labor market consequences of acquiring a GED degree for young people in 1985, interprets these findings in the light of general and GED-specific labor market theory and research, and delineates an agenda for subsequent research on the labor market effects of a GED. Three major consequences of receiving a GED are examined: labor force participation, employment status, and hourly wages.

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Method

My estimates are made from data provided by 9,436 members of the original 12,686 youths in the NLS Youth Cohort who had not been lost to follow-up between 1979 and 1985 (about 14.5% of the original sample) and who were not enrolled in school when the 1985 NLS interview occurred (about 11%). Sample members enrolled in school in 1985 were deleted from my analyses because they comprised a group that cannot have serious labor force attachment due to their decision to allocate their time to school.

Many factors other than acquiring a GED or a high school diploma can affect labor force behavior. As a consequence, the net relationships between type of secondary school certification and various measures of youth labor force behavior were estimated from regression equations that included such variables as sex, race, marital status in 1985, whether the sample member ever attended college, and geographic region of interviewee's residence in 1985. Non-technical summaries of these regression equations are displayed in this report along with simple crosstabulations of variables. Readers interested in obtaining details about the specifications for these regression equations should contact the author directly.

EMPLOYMENT CONSEQUENCES

Labor Force Participation

Anyone who has a job for pay for at least one hour during a week, or works in a family enterprise without pay for at least 15 hours during a week, is considered *employed*. The *unemployed* do not have jobs, are available for work, and have been actively seeking jobs within the previous four weeks. *Labor force participants* are people who are either employed or unemployed. People who are not labor force participants are classified as *out of the labor force* (see Passmore, 1981, for a description of United States Bureau of Census statistical standards applied in the NLS for categorizing interviewees by their labor force status).

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. . . GED recipients had greater chances of being labor force participants than young people without GED's or high school diplomas.

GED recipients were more likely to be employed . . . than young people without a GED or a high school diploma.

The theme of at least one state lottery is that "you have to play the game to win," and labor force participants can be thought of as "playing the game" by either working or having enough hope in their employment prospects to continue to search for suitable work. As shown in Table 1, GED recipients had greater chances of being labor force participants than young people without GED's or high school diplomas. High school graduates were more likely to be participants than were GED recipients. Moreover, the more time that elapsed after obtaining a GED or a high school diploma, the greater the chance that a youth was a labor force participant.

Employment Status

If labor force participation is "playing the game," then securing employment is "winning the game." GED recipients were more likely to be employed, rather than unemployed or out of the labor force, in 1985 than young people without a GED or a high school diploma (see Table 1). Just as observed with labor force participation, the chances of being employed were much greater in 1985 for young high school graduates than for GED recipients or youths with neither a GED nor a high school diploma. Again, as with labor force

TABLE 1

EMPLOYMENT CHARACTERISTICS OF A COHORT OF YOUTH IN THE CONTINENTAL UNITED STATES NOT ENROLLED IN SCHOOL BY SECONDARY SCHOOL CERTIFICATION STATUS, 1985 (N = 28,340,000)

	GED			High School Diploma			
Characteristic	<1979 to 1985	<1980	>1979	<1979 to 1985	<1980	>1979	Neither GED Nor High School Diploma
% of Total[a]	7.0%	4.2%	2.8%	74.6%	59.1%	15.5%	18.4%
Labor Force Participation							
% Labor Force Participants	76.3%	77.1%	75.1%	84.7%	85.7%	80.1%	71.7%
Regression-Adjusted Difference From Youths With Neither GED Nor High School Diploma in Probability of Labor Force Participation[b]	+3.6%	+4.1%	none	+13.4%	+16.1%	+5.5%	cc[c]
Employment							
% Employed	64.3%	63.9%	64.9%	77.9%	79.8%	70.3%	55.9%
Regression-Adjusted Difference From Youths With Neither GED Nor High School Diploma in Probability of Employment[d]	+5.3%	+3.8%	+7.4%	+20.7%	+24.4%	+10.0%	cc
Wages							
Mean Hourly Wage of Employed Youths	$5.50	$5.87	$5.08	$6.36	$7.75	$5.04	$5.13
Regression-Adjusted Difference From Youths With Neither GED Nor High School Diploma in Mean Hourly Wage[e]	+$0.39	+$0.75	none	+$1.45	+$1.81	+$0.17	cc

Note: Estimated by applying sampling weights to the 1979–1985 annual interview responses of 9,436 members of the Youth Cohort of the National Longitudinal Surveys of Labor Market Experience (Center for Human Resource Research, 1985b) who were not lost to follow-up by 1985 and were not enrolled in school during the NLS 1985 interview reference week. Reference numbers for variables in the NLS Youth Cohort data base are available from the author.

[a] Acquisition rates for GED's and high schol diplomas in this table differ from rates cited in the text for the entire population because this table is restricted to estimates from youths not enrolled in school in 1985.

[b] Based on logistic regression of GED and high school diploma variables—along with variables measuring sex, race, whether the youth was ever married, whether youth ever attended college, and youth's geographic region of residence in 1985—on a categorical variable indicating whether the youth was a labor force participant during the NLS interview reference week in 1985. The differences in probabilities tabulated are the first partial derivatives of GED and high school diploma variables with respect to the dependent variable.

[c] The abbreviation, "cc", means comparison category, i.e., the category with which employment characteristics of GED recipients and high school graduates are compared in regression analyses.

[d] Based on same type of regression function and variables described in footnote b, except the dependent variable was a categorical indicator of whether the youth was employed during the interview reference week.

[e] Based upon ordinary least squares regression of the same independent variables described in footnote b on the natural logarithm of the employed youth's hourly wage from the primary job during the survey reference week.

participation, the longer a high school diploma was held, the greater the chances of employment in 1985. In contrast, the longer a GED was held, the less likely that a youth was employed, although the differences between receiving a GED before 1980 and after 1979 are small.

Hourly Wages

Income is one indicator of material well-being in modern societies. If labor force participation is "playing the game" and employment is "winning the game," then income is the "prize."

As shown in Table 1, the average hourly wage of employed youths is ordered in the same way as their labor force participation and employment—high school graduates have the highest average rates, followed by GED recipients, and, then, by youths without a GED or a diploma. In addition, the more time elapsed since receiving a GED or a high school diploma, the higher the wage.

. . . the typical GED recipient would have earned in 1985 about $780 more than a youth without a GED or diploma . . .

For youths employed full-time and full-year[1], extrapolations from regressions of hourly wages in Table 1 to annual salaries indicate that the typical GED recipient would have earned in 1985 about $780 more than a youth without a GED or diploma, but $1,340 less than a youth with a high school diploma. These differences in 1985 annual salary become substantial lifetime earnings differences if they persist over a youth's working life.

INTERPRETATIONS

Evidence presented in this report shows that young GED recipients participated in the labor force more frequently, were more likely to be employed, and were paid more per hour worked than youths with neither GED's nor high school diplomas, although high school graduates consistently fared better than GED recipients. Malizio and Whitney (1981) reported that nearly 39% of GED test examinees sought the GED in Spring 1980 for job-related reasons, and the findings from my research show a yield from this type investment by young GED recipients. These findings also show more favorable long-term work correlates for GED recipients than were found in Ladner's (1986) study of the occupational activities of Florida GED holders shortly after they received their GED credential. In addition, these findings support the beliefs expressed by adult GED recipients that the GED has a positive benefit on employment (Valentine & Darkenwald, 1986).

Much as population studies do not prove by themselves that cigarette smoking causes cancer, my population-based survey findings do not describe, however, the causal link, if any, between the GED credential and labor market success. At least three plausible interpretations of my findings are possible: the GED = skills; the GED = signal; and the GED = destiny.

First, the process of obtaining a GED might impart productive skills that can be capitalized in the labor market. Important reading, writing, computation, and other knowledge pertinent to passing a GED test may give GED recipients a genuine productive edge in hiring, retention, and advancement decisions over youths without a GED or a diploma. This interpretation is consistent with commonly held beliefs that greater literacy leads to more employability and economic adaptability.

Second, the GED credential might signal to employers that a youth has necessary, but perhaps unknown, productive skills and affective attributes to be a successful employee. This interpretation is consistent with beliefs by some researchers (see, e.g., Blaug, 1985, or Spence, 1973) that educational credentials are merely selection or screening devices for employers who want workers with the same character traits—persistence, willingness to submit to authority, goal-directedness, acceptance of external standards for achievement—that would cause them to complete high school or to pursue a GED.

Carson (1986) found that almost one-third of surveyed employers in the Denver metropolitan area during Spring 1983 considered educational credentials, including the GED, in personnel decisions. Eighty-three percent of Carson's survey respondents reported that they consider the GED credential equivalent to a high school diploma. The equivalent acceptance of the GED and the high school diploma expressed by Denver employers is not consistent with the actual job data in the national labor market estimated in this analysis of NLS Youth Cohort data. Perhaps employers express beliefs that differ from their actions.

Third, the association between the GED and employment observed in this study might not be the result of any causal process. Rather, GED recipients may merely be realizing their employment destinies in labor markets that are stratified by ascriptive and social characteristics or by the structure of economic and educational opportunities afforded by society that may have nothing to do with productive capacity. For instance, sex, race, and marital status are important correlates of whether a youth obtains a GED, high school diploma, or nothing at all. These factors also are important correlates of a youth's labor force participation, employment status, and wages. Some of these correlates common to employment as well as to receiving a GED were controlled statistically in this study. However, other factors, unmeasured in this study, might determine who obtains a GED as well as labor market success.

In other words, GED recipients might have experienced lower rates of labor force participation, employment, and pay than high school graduates *even without the GED*. The unmeasured factors that influence their employment characteristics still would persist. Similarly, GED recipients might have been more successful in the labor market than youths without a GED or a diploma *even without a GED* due to the same unmeasured factors.

SUGGESTIONS FOR RESEARCH

At best, the findings of this research and other similar associational studies can describe only the labor market correlates of obtaining a GED. Additional research is needed to determine the role of a GED credential in the labor market.

However, many common social science approaches—the interview, the questionnaire, the laboratory experiment—may

[1] The full-time, full-year employee is assumed to work 2,000 hours per year over 50 40-hour weeks. Annual salary differences are computed by multiplying wage regression coefficients in Table 1 by 2000.

not be suitable to answer crucial questions about the value of a GED in the labor market. For instance, what meaning does a GED credential convey to an employer? To a GED aspirant? What does a GED recipient actually know or do that is applicable to economic well-being, and what aspects of these knowledges and skills can be attributed to the process of receiving a GED? Answers to these questions are essential for policy-makers and the public who must allocate scarce resources to GED preparation and testing. Answers to these same questions are essential for people deciding whether to personally invest time, effort, and money in obtaining a GED. Perhaps these questions are best answered through case study, participant observation, or other approaches that would confront the actual issues faced by GED aspirants and recipients, employers, and others who broker labor market transactions such as employment counselors or placement specialists.

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